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Chairman: Mr. Chowdhury ..... (Bangladesh)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10.15 a.m.

Organization of work (A/C.5/52/40 and A/C.5/52/41; A/C.5/52/L.22/Rev.1)

1. **The Chairman** drew the attention of the Committee to document A/C.5/52/L.22/Rev.1, containing the revised programme of work proposed by the Bureau and information on the state of preparedness of documentation. The addendum to the report of the Secretary-General on office accommodation at the Palais Wilson and the report of the Secretary-General on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund would be issued very shortly.

2. The Committee's attention was also drawn to document A/C.5/52/40, which contained the text of a letter addressed to the Chairman of the Fifth Committee from the Acting Chairman of the Group of 77 and China requesting that the Group's concerns regarding the status of documentation should be drawn to the attention of the Secretary-General. As Chairman of the Fifth Committee, he had subsequently addressed a letter on the matter to the Secretary-General.

3. Since the Committee planned to undertake a review of its working methods, it would be possible to address in depth the issues raised in the letter from the Group of 77 and China and other concerns of Member States with a view to enhancing the effectiveness and efficiency of the Committee. The question of late submission of documents was of great concern both to the President of the General Assembly and to the Secretary-General, who had already taken measures within the Secretariat to improve the situation. He trusted that the Committee would be able to devote adequate time in its informal consultations to devising a mechanism to assist the Secretariat in adhering to the six-week rule for the submission of documentation, as mandated by the General Assembly.

Other matters

4. **The Chairman** said that under agenda item 114, "Review of the efficiency of the administrative and financial functioning of the United Nations", the Committee had previously decided to defer consideration of the question of strengthening external oversight mechanisms to the resumed fifty-second session and to entrust the Bureau with the task of deciding on the appropriate time for its future consideration.

5. Also under agenda item 114, the Committee's attention was drawn to the report of the Secretary-General on the proposed United Nations Code of Conduct (A/52/488). By its resolution 52/12 B, the General Assembly had noted that the Secretary-General had submitted the draft Code of Conduct for United Nations staff to the General Assembly, and had agreed to expedite its consideration.

6. In that connection, the Fifth Committee had been requested to consider the report under agenda item 114 as soon as possible. However, the Bureau also felt it appropriate to consider it under agenda item 157, "United Nations reform: measures and proposals", since the General Assembly had initiated action on it. The Committee would be required to decide on the procedure it wished to follow.

7. The attention of the Committee was also drawn to a matter under agenda item 116, "Programme budget for the biennium 1998-1999", regarding the administrative arrangements for the International Trade Centre UNCTAD/WTO.

8. In its resolution 52/220, the General Assembly had noted with concern that the arrangements entered into by the Secretary-General with the Director-General of the World Trade Organization (WTO) in the exchange of correspondence of September 1995 had not yet been transmitted to the General Assembly; it therefore considered that the agreement between the secretariats of the United Nations and the former General Agreement on Tariffs and Trade (GATT) was still in force until such time as the General Assembly reviewed the agreement between the United Nations and WTO.

9. In that regard, the legal status of the International Trade Centre (ITC) in relation to the United Nations and GATT had been reviewed in 1973 and 1974 and new administrative and financial arrangements had been approved by the contracting parties to GATT and by the General Assembly. The agreement stipulated that ITC would apply the Staff Regulations and Rules and Financial Regulations and Rules of the United Nations and would make maximum use of the support services of the United Nations Office at Geneva for reasons of economy and efficiency. Its accounts would be certified by the United Nations Controller, audited by the external auditors of the United Nations and reported to the General Assembly and GATT. Since then, ITC had enjoyed a high degree of autonomy in administrative matters through delegation of authority by the Secretary-General to the Executive Director of ITC.

10. Following the establishment of WTO, its General Council had requested the WTO secretariat to negotiate revised budgetary arrangements with regard to ITC with the United Nations Secretariat. In September 1995, the Secretary-General and the Director-General of WTO, in an exchange of letters on the relationship between the two organizations, had agreed to recommend to the relevant

intergovernmental bodies that the present arrangements governing the status of ITC as a joint body should be confirmed and renewed subject to revised budgetary arrangements.

11. The Secretariat had subsequently submitted a report (A/C.5/52/25) to the General Assembly at its fifty-second session on possible revised administrative arrangements for ITC. That report had yet to be reviewed by the Advisory Committee and the Fifth Committee. On the basis of the proposals, the Secretariat had issued the proposed programme budget for ITC for the biennium 1998-1999 (A/52/6/Rev.1/Add.1); WTO, however, was of the view that the proposals put forward by the Secretariat in document A/C.5/52/25 did not fully meet its concerns.

12. The Bureau of the Fifth Committee had met subsequently with the WTO Committee on Budget, Finance and Administration and agreed that the status of administrative arrangements for ITC should be brought to the attention of the Fifth Committee for its consideration at the first part of the resumed fifty-second session. The Committee would accordingly be required to decide whether it wished to consider the matter.

13. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, said that the issues of gratis personnel, the pattern of conferences, the use of consultants, procurement reform, outsourcing practices, human resources management, the proposed Code of Conduct, and the reports of the Board of Auditors needed to be taken up at the first part of the resumed session together with other items on which reports had thus far not been issued. It was regrettable that reports on many important issues had been issued very late or not at all.

14. Despite the fact that several specific General Assembly resolutions required the Secretariat to issue documents six weeks prior to their consideration, delays in the issuance of documents had become a chronic problem. Such delays had an adverse impact on the fulfillment and implementation of mandated activities and the work of the Fifth Committee. In particular, the late issuance of reports on gratis personnel, the pattern of conferences and consultants had delayed the Committee's work and adversely affected decision-making. The Secretariat must keep to deadlines and should explain why documents were issued late.

15. The Group wished to propose that the report of the Board of Auditors on all aspects of its updated special audit of the Integrated Management Information System project (A/52/755) should be considered under agenda item 116 because the Committee would be considering two other reports on the Integrated Management Information System (IMIS) under the same item. Moreover, the proposed Code of Conduct was an administrative issue related to human resources management and should therefore be considered by the Fifth Committee. It might be advisable to hear the views of the relevant intergovernmental and expert bodies in that regard.

16. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, regarding the agreement and exchange of letters between the United Nations and WTO, the Advisory Committee was of the view that, until such time as the General Assembly took a position on the exchange of letters, the 1974 agreement was still in force. The Secretary-General had prepared a report on possible revised administrative arrangements which the Advisory Committee had still not had an opportunity to consider.

17. In his meeting with the Chairman of the WTO Committee on Budget, Finance and Administration, he had given an assurance that the Advisory Committee and the Fifth Committee were both committed to the smooth and effective operation of ITC. The Fifth Committee would study the Secretary-General's report very carefully, and during his forthcoming visit to Geneva he hoped to meet with the WTO Bureau in order to apprise them of the Advisory Committee's views. The Advisory Committee would submit its recommendations to the Fifth Committee later in the year.

18. **Mr. Jesenský** (Slovakia) asked for guidance from the Bureau with regard to Slovakia's application for inclusion in the current scale of peacekeeping assessments.

19. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union, said that the Union endorsed the proposed programme of work, shared the concerns voiced by the Group of 77 and China regarding the late submission of documentation, and noted the concern of the representative of Slovakia regarding the need to include that country in the scale of peacekeeping assessments.

20. **Mr. Menkveld** (Netherlands) said that the Committee should deal expeditiously with Slovakia's application for inclusion in the scale of peacekeeping assessments; the Bureau should provide appropriate guidance.

21. **Mr. Sial** (Pakistan) said that his delegation regretted the fact that the Secretariat had not complied with the wishes of the General Assembly regarding the timely submission of documents. The Secretariat's attitude demonstrated a lack of respect for the General Assembly and seriously hampered the work of the Fifth Committee and the Advisory Committee. His delegation was particularly concerned at the delay in issuing the reports on gratis personnel and the use of consultants. The

Secretariat should provide a written explanation of the reason for the delay and indicate what the Secretary-General was doing to rectify the problem.

22. The report of the Board of Auditors on IMIS should be considered under agenda item 116, and the proposed Code of Conduct under agenda item 153, on human resources management.

23. **The Chairman** reminded the Committee that he had addressed a letter to the Secretary-General on the question of late submission of documentation.

24. **Mr. Saha** (India) endorsed the statement made by the representative of Indonesia on behalf of the Group of 77 and China. His delegation, too, believed that the proposed Code of Conduct should be considered under agenda item 153 and the report of the Board of Auditors on IMIS under agenda item 116. With regard to the late submission of documentation, the Secretariat should simply admit whether the problem was one of inadequate financial and human resources. If the problem lay elsewhere, an oral presentation should be given.

25. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation supported all the points raised in the statement by the delegation of Indonesia on behalf of the Group of 77 and China. He believed that the Code of Conduct for United Nations staff should be discussed under agenda item 153, on human resources management, as well as in the context of United Nations reform. It was true that there was a legal basis for the Code, but its practical application was an administrative matter relating to management of the work of United Nations staff. As the Indonesian delegation had noted, the Secretariat had been known to pay no attention to General Assembly resolutions, including the resolution on the pattern of conferences, under which Id al-Fitr and Id al-Adha were to be observed as official holidays, whereas in fact only one of them had been so observed.

26. **Mr. Darwish** (Egypt) said that he associated himself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China, particularly with regard to the Secretariat's failure to comply with the six-week rule for submission of documentation. He also agreed that the report on the proposed United Nations Code of Conduct (A/52/488) should be considered under agenda item 153 and that the report of the Board of Auditors on IMIS should be considered under agenda item 116.

27. **Ms. Silot Bravo** (Cuba) said that her delegation supported the statement made by Indonesia on behalf of the Group of 77 and China. It was unfortunate that despite General Assembly resolutions mandating compliance with the six-week rule, there had been delays in the issuance of reports, and the Secretariat should be asked to explain.

28. She was particularly concerned by the fact that the report of the Secretary-General on the upgrading of conference rooms and interpretation booths had not been issued and hoped that the report could be made available during the first part of the resumed session. She wondered why the report of the Secretary-General on the impact of the implementation of pilot projects on budgetary practices and procedures as well as on the Financial Regulations and Rules, was not yet available, and proposed that there should be no changes in budgetary practices and procedures or in the Financial Regulations and Rules until the Secretariat had reported on the status of the report.

29. She also asked the Secretariat to confirm that, pending the Assembly's consideration of the report of the Secretary-General on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund, no funds directly related to those non-mandated activities would be committed. She wondered why the report of the Secretary-General on the activities of the Office of Internal Oversight Services (A/51/432), not yet adopted by the General Assembly, had not been included under agenda item 114. Her delegation supported the proposal that the report of the Board of Auditors on IMIS should be considered under agenda item 116 and that the report of the Secretary-General on a proposed United Nations Code of Conduct should be considered under agenda item 153.

30. Lastly, with regard to the posts approved in resolution 52/220, she noted that, pursuant to General Assembly resolution 50/214, the Secretariat had left posts vacant as a savings measure. She requested the preparation of a conference room paper with information on the status of those posts and the date by which they would be filled.

31. **Mr. Halbwachs** (Controller) noted that the resumed session had been initiated in response to a change in the calendar for peacekeeping operations. Most, if not all, of the reports requested would, in fact, be available for review by the Advisory Committee at its May meeting. His office had been asked to prepare over 60 reports by the end of April 1998, and it hoped to be able to do so. However, in view of the fact that the Committee had completed its work on 21 December 1997 and resumed on 9 March 1998, those reports would have had to be issued by 20 January in order to comply with the six-week rule. His staff were not robots and needed vacation time. He suggested that the Committee should review its methods of work.

32. **The Chairman** said that while the Controller had raised a valid point, the Committee needed to know the exact status of its documentation and should have been informed by the Secretariat if the reports which it had planned to consider could not be issued on time. He asked the Committee secretariat to request the appropriate Secretariat officials to inform the Committee, before the end of the meeting, of the status of those reports so that it could adjust its programme of work accordingly.

33. **Mr. Sial** (Pakistan) said that while he recognized that the Secretariat sometimes found it difficult to issue documents on time, the problem was a chronic one and some reports had been pending for years. The problem was system-wide, and time constraints could not excuse a failure to comply with General Assembly requests. The situation was hindering the Committee's work and required a solution.

34. **The Chairman** said that the chronic aspect of the problem would be dealt with during the Committee's discussion of its methods of work and asked delegations to focus on the documents required for the current session.

35. **Mr. Sulaiman** (Syrian Arab Republic) said that the Controller had answered very concisely. He reiterated his delegation's view that the Code of Conduct should be discussed in the context of the agenda item on human resources management. It was quite true, as the Controller had said, that the resumed session of the General Assembly had been established for the consideration of the financing of peacekeeping operations, but that did not mean that other matters could not be discussed. He recalled that it was essential for two reports, dealing with the United Nations Disengagement Observer Force and the United Nations Interim Force in Lebanon, to be issued in March in accordance with the six-week rule.

36. **Ms. Silot Bravo** (Cuba) said that the Controller had not fully answered the Chairman's questions regarding the status of the Committee's documentation. Some of the reports which were pending concerned matters that were considered on a regular basis and should, therefore, have been anticipated by the Secretariat. She asked the Secretariat to address the issue at greater length.

37. **Mr. Hanson** (Canada) said that Committee members should remember that, like themselves, Secretariat staff required rest at the end of the General Assembly; delegations should be realistic in their requests for reports which must be prepared between the end of December and the beginning of March. Perhaps the Committee should consider postponing its resumed session to a later date in future.

38. **Mr. Atiyanto** (Indonesia) said that, as the Chairman had suggested, it might be useful for the Committee to ask the appropriate Secretariat officials to explain the late issuance of reports scheduled for consideration at the first part of the resumed session.

39. **Mr. Ahounou** (Côte d'Ivoire) said that Member States did not expect the Secretariat to work without rest; the Committee and the Secretariat should consult regarding the dates of the resumed session in order to avert poor programming, which was particularly unfortunate in view of the current budgetary constraints. Delays in the issuance of documents had become a chronic problem, and he wondered whether they were part of a Secretariat strategy of refusal to comply with the requests of Member States. The problem should be addressed at the first part of the resumed session.

40. **Mr. Halbwachs** (Controller) said that of the 54 documents mentioned in the Committee's revised organization of work (A/C.5/52/L.22/Rev.1), there were only seven for which no date of issuance had been set. Therefore, the Secretariat had essentially complied with the Committee's request for documentation.

41. The addendum to the report of the Secretary-General on a proposed United Nations Code of Conduct and the report of the Secretary-General containing quarterly reporting on the acceptance of type II gratis personnel had been completed and would soon be issued. The report of the Secretary-General on the impact of the implementation of pilot projects was being prepared and would soon be completed. The report of the Secretary-General on the arrangements and procedures for the utilization of the Development Account was being expanded to include not only arrangements and programmes, but also the type of projects which would require funding from that account; it would be completed in 3-4 weeks. The report of the Secretary-General on measures in order to ensure the necessary resources for the upgrading of conference rooms and interpretation booths, which had been requested in late December, was incomplete pending consultation with the Buildings Management Service and other officials regarding the feasibility of the proposed changes. The report of the Secretary-General on savings resulting from improved overall cost-effectiveness achieved pursuant to the ninth session of the United Nations Conference on Trade and Development (UNCTAD) could not be prepared until UNCTAD discussed the matter in the spring. The Secretariat had not had time to begin preparation of the report of the Secretary-General on measures to facilitate the review of the relevant portions of the medium-term plan. He did not know the status of the report of the Secretary-General on appropriate action against personnel

responsible for malpractice but would look into the matter and report to the Committee.

42. **Mr. Sulaiman** (Syrian Arab Republic) thanked the Controller for the additional information that he had provided about the renovation of conference rooms, and requested that the reasons for the delay should be included in the report on that subject.

43. **Mr. Sial** (Pakistan) said that he was pleased that the report of the Secretary-General containing quarterly reporting on the acceptance of type II gratis personnel would soon be issued and asked the Chairman to include it in the programme of work for the first part of the resumed session so that the Committee could discuss certain core functions of the Department of Peacekeeping Operations in preparation for the second part of the resumed session. It was important to distinguish between reports which had not been prepared because of time constraints and the holiday season and those which had been pending for long periods. The problem of the latter required serious consideration.

44. **Ms. Silot Bravo** (Cuba) said that the upgrading of conference rooms and interpretation booths was not a difficult issue. She asked the Secretariat to summarize the results of the recent negotiations and to provide further clarification of the matter.

45. **The Chairman** pointed out that he had requested information regarding the status of all pending documentation from the appropriate Secretariat officials.

46. The Bureau would consult with delegations to determine when the Committee should take up the question of the strengthening of external oversight mechanisms.

47. **Mr. Sial** (Pakistan), speaking in his capacity as coordinator for the item in question, said that he was still consulting with other delegations to determine whether progress could be made on the issue during the first part of the resumed session.

48. **The Chairman** said that the Committee would therefore defer its decision on the subject. With respect to the proposed United Nations Code of Conduct, the Secretary-General's report (A/52/488) had been issued under agenda item 114. However, the Bureau felt that the issue should also be considered in the context of item 157, and a number of delegations had pointed out that it related to item 153 as well. He therefore suggested that the issue should be considered under all three agenda items.

49. The Bureau would recommend a decision on the proposal made by the representative of Slovakia. He would also take it that the Committee wished to ask the Secretariat to prepare a conference room paper on the status of posts, as requested by the Cuban delegation, and that it wished to consider the report of the Board of Auditors on the Integrated Management Information System (IMIS) project under agenda item 116.

50. *It was so decided.*

51. **Ms. Daes** (Greece) said that she associated herself with the comments made by the United Kingdom delegation, on behalf of the European Union, with respect to the programme of work. She asked whether the second part of the resumed session would be held from 4 to 22 May 1998, as indicated in document A/C.5/52/L.22/Rev.1, or from 11 to 29 May, as discussed by the Bureau.

52. **The Chairman** said that a decision would be taken at a later stage, since it would depend on the progress of the Committee's work.

53. **Mr. Sial** (Pakistan) said that the issue of gratis personnel should be discussed at the first part of the resumed session, since the relevant report had already been issued.

54. **The Chairman** said that it would first be necessary to determine the status of the relevant Advisory Committee's report. The Committee could agree to discuss the issue at the first part of the resumed session, subject to the availability of the Advisory Committee's report.

55. *It was so decided.*

56. **The Chairman** suggested that the Committee should decide to adopt the programme of work contained in document A/C.5/52/L.22/Rev.1, on the understanding that the Bureau would review the progress of work and make adjustments as needed; to take up the question of the administrative arrangements for the International Trade Centre UNCTAD/WTO at the second part of the resumed session; and to consider the report on the proposed United Nations Code of Conduct under agenda items 114, 153 and 157.

57. *It was so decided.*

58. **Ms. Silot Bravo** (Cuba) asked for confirmation that the provisions of General Assembly resolution 52/220 that pertained to pilot projects and to the use of the contingency fund would be implemented pending a reply from the Secretariat, and that the issue of respect for the privileges and immunities of United Nations officials, which was to be considered biennially, would be deferred to the next session of the General Assembly.

59. **The Chairman** said that the Bureau would discuss the matter and would recommend a decision for adoption by the Committee.

60. **Mr. Odaga-Jalomayo** (Uganda) said that he associated himself with the comments made by the Indonesian delegation on behalf of the Group of 77 and China. He was concerned about the problem of efficiency in the Organization, since the Fifth Committee had just spent two hours discussing the organization of work for the first part of the resumed session, and the Controller's replies had shown that most of the reports requested had not been produced on time, presumably because of a shortage of staff. Efficiency gains should not affect the quality of work or the delivery of mandated programmes. If efficiency could only be achieved at the expense of performance, then the Fifth Committee should consider changing the timing of the resumed session. He was puzzled as to why some reports were issued promptly, while others failed to appear despite repeated requests. All reports should be given equal priority.

Agenda item 113: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/52/727, A/52/753 and A/52/755)

61. **Mr. Nath** (Chairman of the Audit Operations Committee) introduced the report of the Board of Auditors on its updated special audit of the Integrated Management Information System (IMIS) project (A/52/755). He outlined the Board's main findings, which appeared in the summary of the document in question. The IMIS project had been characterized by sharp increases in estimated costs (from $28 million to $76 million) and by substantial delays, *inter alia* in the production of financial statements. The Board felt that the Secretariat should prepare a comprehensive plan to deal with outstanding high-priority items relating to system enhancement requests and related issues. The Secretariat had classified 732 items as high priority.

62. The Board's proposals for improving the implementation of its recommendations approved by the General Assembly were contained in document A/52/753. The Board proposed that United Nations organizations and programmes should include a timetable for the implementation of those recommendations in their progress reports to the General Assembly; that the individual officers to be held accountable for the implementation of the recommendations should be specified; that mechanisms such as special committees should be established to strengthen oversight in regard to the implementation of audit recommendations; and that all progress reports on the implementation of audit recommendations should be submitted to the General Assembly on an annual basis.

63. Paragraph 3 of document A/52/727 contained a proposed amendment to the additional terms of reference governing the audit of the United Nations. The revision would enable external auditors to express their audit opinions in terms which more accurately reflected current best practices. It would not, however, change the existing scope or depth of external audit in the United Nations.

64. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union and the associate countries of Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Poland, Romania, Slovakia and Slovenia, said that the European Union endorsed the report by the Secretary-General on amendment to the additional terms of reference governing the audit of the United Nations (A/52/727). It also welcomed the note by the Secretary-General transmitting to the General Assembly the proposals of the Board of Auditors for improving the implementation of its recommendations approved by the General Assembly (A/52/753).

65. While the European Union was sympathetic to the Board of Auditor's proposal that the title or position of individual officers to be held accountable for the implementation of the Board's recommendations should be specified, it was concerned that identifying individuals at relatively junior levels might expose them to public criticism without prior recourse to established management and disciplinary procedures. It therefore wished to suggest that the Board of Auditors' recommendation to specify individual officers should be restricted to programme managers.

66. The European Union broadly endorsed the proposal to establish a special committee or focal point to ensure that the Board's recommendations were implemented. Before agreeing to add another layer to the management structure, however, it would wish to be assured that proper and clear terms of reference were in place in order to avoid duplication of existing functions. In its view, the primary managerial responsibility for implementation of audit recommendations should remain with the department head.

67. Lastly, the European Union agreed with the proposal to bring the reporting cycle for all progress reports into line on an annual basis in order to improve the implementation of recommendations. Even though the change might increase the workload of both the Secretariat and the Fifth Committee, it was justified by the importance of ensuring the highest standards of financial administration and probity in the Organization.

68. **Mr. Saha** (India) said that, in view of the cost overruns, it would be prudent for the Secretariat to monitor the implementation of the Board of Auditors' recommendations on IMIS. The scheduled dates for the completion of the various stages of the project should not be changed and

greater efficiency must be achieved by, if necessary, holding accountable the programme managers involved in the project.

69. **Mr. Moktefi** (Algeria) said that his delegation was particularly pleased with the quality of the report of the Board of Auditors on its updated special audit of IMIS (A/52/755).

70. **Mr. Odaga-Jalomayo** (Uganda) requested that the oral presentation by the representative of the Board of Auditors should be made available in writing to members of the Committee.

71. **Mr. Repasch** (United States of America) said that his delegation supported the proposal by the Board of Auditors to amend the additional terms of reference governing the audit of the United Nations, which represented a useful technical improvement. Generally speaking, his delegation did not have any difficulty either with the Board's proposals for improving the implementation of its recommendations approved by the General Assembly. He wondered, however, whether the proposals had been reviewed by the Advisory Committee and any observations made.

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*) (A/51/804; A/52/7/Add.3, A/52/338, A/52/534 and Corr.1 and A/52/813)

72. **Mr. Connor** (Under-Secretary-General for Management), introducing the report of the Secretary-General on procurement reform contained in document A/52/534 and Corr.1, said that, since the issuance of the report in October 1997, the phasing out of the five gratis personnel in the Procurement Division had begun, in December 1997. The remaining three such personnel were scheduled to be phased out by the end of July 1998. With regard to vacancies, three Professional-level posts had already been filled and the Appointment and Promotions Board was considering candidates for a fourth post. An additional Professional post had recently become vacant under the early separation programme.

73. The training of procurement officers remained a priority for the Division and with a view to supplementing the in-house training that was being provided a number of officers had recently attended six procurement seminars, conferences and exhibitions abroad in order to enhance their knowledge of products and their suppliers on the international market. Four more seminars were due to take place by June 1998. The procurement manual was currently being revised and would be issued later that month.

74. The supplier roster was being expanded to cover a wider geographic area and all Permanent and Observer Missions to the United Nations had been contacted for assistance in disseminating information on the supplier registration process. Several Member States were also making available their trade directories. The new Procurement Division also provided general information and supplier application packages on the Internet and would shortly be making available bidding guidelines and contract information through the same medium. Despite those efforts, however, progress remained slow and consideration was being given to advertising in a limited number of international newspapers and magazines targeted at suppliers in Asia, Africa, Latin America, the Middle East and States with economies in transition.

75. Outsourcing in the context of the current reform process was merely one of a number of options for enhancing the Organization's efficiency and cost-effectiveness. The policy on outsourcing must ensure that overall control and value for money were maintained over those activities that were critical to the unique operations of the United Nations. Care must also be taken to ensure that outsourcing did not have any negative impact on the staff of the Organization.

76. Since 1996, the Procurement Division had responded to more than 80 reports by the Board of Auditors and OIOS on various aspects of procurement and had already implemented a number of their recommendations. Other recommendations were still under review. The reorganized Division was responsible for procuring a wide range of equipment, supplies and services, which often involved legally and operationally complex transactions. It was a sensitive process which required absolute accountability and transparency. The transfer to the Division of the functions of the former Contracts and Procurement Office of the Department for Development Support and Management Services had significantly increased its workload and the Secretary-General therefore believed that the head of the Division should be at the D-2 level.

77. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the fourth report of the Advisory Committee on Administrative and Budgetary Questions on procurement reform (A/52/7/Add.3), said that the Advisory Committee would comment on the progress achieved in procurement reform in the context of future reports of the Secretary-General and of the Board of Auditors. He welcomed the additional information that had been provided by the Under-Secretary-General for Management.

78. With regard to the Secretary-General's proposal to reclassify a D-1 post to the D-2 level, the Advisory Committee had not been provided with sufficient additional

information and justification to support the request and was therefore not in a position to recommend acceptance of the reclassification.

79. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the review of the implementation of procurement reform (A/52/813), said that considerable progress had been made since the High-level Group of Experts on Procurement had first reported its findings in December 1994. The Procurement Division had been reorganized, procurement staff had been trained, the delegation of procurement authority had been adjusted and procurement guidelines were in the process of being finalized. Notwithstanding those positive developments, additional efforts were needed to further strengthen the overall procurement process.

80. Procurement functions at Headquarters had been reorganized in January 1996 into two Procurement Sections having a total of eight commodity-specific clusters and a newly created Support Services Section to provide management information and to administer the vendor roster. The Contracts and Procurement Office of the former Department for Development Support and Management Services had been merged in February 1998 with the Procurement Division, thereby adding a third Procurement Section to the Division. OIOS welcomed the consolidation and streamlining of procurement functions at Headquarters.

81. To add flexibility to the procurement process, the Group of Experts had recommended that relevant departments should be granted the authority to commit funds while awaiting budget approval and steps had been taken in that regard. In the view of OIOS, fast-track procurement procedures and the granting of greater financial authority were issues of major importance, especially for peacekeeping missions. OIOS had previously recommended that special emergency rules and procedures should be developed to meet the operational needs of the Department of Humanitarian Affairs. That recommendation was also relevant to the Department of Peacekeeping Operations. Pending the development of special rules and procedures, implementation of the recommendations contained in the report of OIOS could shorten lead times and contribute to more timely and effective procurement services.

82. The Group of Experts had reported that the competence and qualifications of managers and procurement officers were inadequate and had recommended that training needs should be identified and additional training made available. A review by OIOS had shown that appropriate training had been provided and that the Procurement Division, after experiencing a period of high staff turnover, had now developed a cadre of experienced staff who were qualified to perform their assigned functions. In contrast to the situation at Headquarters, however, problems still existed in the field. A review by OIOS of the backgrounds of procurement officers serving in the field had shown that nearly 40 per cent had had no outside procurement experience and that only 10 per cent of the Professional staff had had prior experience at Headquarters. OIOS therefore strongly encouraged the Division to develop a policy for the rotation of procurement officers between Headquarters and field missions.

83. Having initially recommended the abolition of local committees on contracts (LCC), the Group of Experts had later agreed with senior management to retain the LCC process. As a result, LCC thresholds had been increased to a maximum of $200,000 for offices away from Headquarters and field missions. OIOS welcomed the increases, provided that they reflected the actual procurement needs of the offices and missions, that they considered the latter's ability to administer responsibly the assigned limit, and that they were periodically reviewed and adjusted, if necessary.

84. The Group of Experts had also recommended that the vendor roster of the Procurement Division should be re-established and that Member States should be approached to encourage qualified national companies to apply for registration. OIOS noted that all 4,700 vendors from the old roster had been invited to re-register and that 1,250 vendors had completed the registration process. The Division had also requested all Member States to distribute the registration information to qualified national vendors in order to achieve better geographical distribution. OIOS nevertheless believed that the reliability of the roster should be further enhanced and a formal vendor performance evaluation system should be developed in cooperation with user departments.

85. He sought the Committee's understanding in the matter of delays in the issuance of reports by OIOS. The preparation of some reports had proven to be much more complex and time-consuming than had been earlier anticipated and, while OIOS took very seriously the timetables established by legislative bodies, it was also of crucial importance to have adequate consultations with the clients concerned.

86. **Mr. Atiyanto** (Indonesia) requested that the oral statement made by the Under-Secretary-General for Management should be made available in writing.

The meeting rose at 1 p.m.